

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA**

<p>In re:</p> <p>SRC Holding Corporation, f/k/a Miller & Schroeder, Inc., and its subsidiaries,</p> <p style="text-align:right">Debtors.</p>	<p style="text-align:center">Chapter 7 Case BKY Case Nos. 02-40284 to 02-40286 Jointly Administered</p>
<p>McIntosh County Bank, First State Bank Of Bigfork, Security First Bank Of North Dakota, Campbell County Bank, Inc., Security State Bank, Choice Financial Group, United Community Bank Of North Dakota, Community National Bank, Lake Country State Bank, Bank of Luxemburg, People State Bank Of Madison Lake, New Auburn Investment, Inc., Oregon Community Bank & Trust, State Bank Of Park Rapids, Farmers State Bank, Citizens State Bank Of Roseau, First Independent Bank, First National Bank Of The North, Security State Bank Of Sebeka, Northstate, LLC, First American Bank & Trust, First Federal Savings Bank Of The Midwest, North Country Bank & Trust, Dacotah Bank – Valley City, First National Bank & Trust Co. Of Williston, Ultima Bank Minnesota, Security Bank Usa, The Ramsey National Bank And Trust Co. Of Devils Lake, Mcville State Bank, Page State Bank, First National Bank Of The North, Brian F. Leonard, Trustee, and Marshall Investments Corporation, a Delaware Corporation,</p> <p style="text-align:right">Plaintiffs,</p> <p>v.</p> <p>Dorsey & Whitney LLP, a Minnesota Limited Liability Partnership,</p> <p style="text-align:right">Defendant.</p>	<p style="text-align:center">ADV Case No. 03-4291</p> <p style="text-align:center">AFFIDAVIT OF PAULA S. RINDELS</p>

STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)

PAULA S. RINDELS, being first duly sworn on oath, states as follows:

1. I am an attorney duly licensed to practice law in the State of Minnesota. I am currently Of Counsel to the law firm Dorsey & Whitney LLP ("Dorsey") and practice in the firm's Public Finance practice group. I have practiced law with Dorsey since 1982.

2. In approximately December 1998, Mark Jarboe, the Chair of Dorsey's Indian and Gaming Law practice group, told me that Miller & Schroeder Financial, Inc. ("Miller & Schroeder") had retained Dorsey to structure and document a loan transaction in which Miller & Schroeder planned to make two loans to President R.C. – St. Regis Management Company ("President") to assist President in financing the development, construction and operation of a casino in upstate New York owned by the St. Regis Mohawk Tribe (the "Transaction").

3. Mr. Jarboe asked me if I would be willing handle the Transaction for Miller & Schroeder. I agreed and was the Dorsey attorney primarily responsible for structuring and documenting the loans for Miller & Schroeder.

4. Prior to representing Miller & Schroeder in the Transaction, I had represented Miller & Schroeder in approximately 10-15 other loan transactions with various tribes. In those other loan transactions, I did not represent any of the banks who eventually purchased participation interests in those loans from Miller & Schroeder.

5. During Dorsey's representation of Miller & Schroeder, I had several discussions with Mary Jo Brenden, Miller & Schroeder's in-house counsel, regarding various issues concerning the Transaction. I also had discussions with other Miller & Schroeder personnel, including Steven Erickson, Patti Fredericks and Karen Esbjornson, regarding various issues.

6. I did not discuss with anyone at Miller & Schroeder whether Miller & Schroeder would sell any portion of the loans, called "participation interests," to other banks or financial institutions.

7. At no time did Mr. Erickson, Ms. Brenden, Ms. Fredericks, Ms. Esbjornson or anyone else at Miller & Schroeder tell me or any other Dorsey lawyer that Dorsey represented the banks that would eventually purchase participation interests in the loans.

8. I was not advised by Miller & Schroeder or anyone else prior to the closing and funding of the structuring and documentation of the loans that the banks who would eventually purchase participation interests in the two loans were the intended beneficiaries of Dorsey's representation of Miller & Schroeder or that the participating banks were actually Dorsey's clients. If I had been so advised, Dorsey would have had a conflict of interest that would have precluded it from representing, in the same Transaction, both Miller & Schroeder, the seller of the participation interests, and any of the participating banks in the Transaction, the purchasers of those interests.

9. From the time Dorsey was retained through the closing and funding of the loans, I did not know the identity of any of the participating banks.

10. I did not have any direct oral or written communications with any participating bank at any time during Dorsey's representation of Miller & Schroeder in the Transaction.

11. I was the principal drafter of the documents involved in the Transaction, including among others, the loan agreements, the promissory notes, an escrow agreement, the Notice and Acknowledgement of Pledge, the closing certificate, a draft opinion of counsel to the borrower, the UCC financing statement with respect to pledged revenues and a notice of escrow agent (the "Loan Documents").

12. I had no communications or contact with any of the participating banks during the drafting and execution of any of the Loan Documents.

13. At all times during Dorsey's representation of Miller & Schroeder in the Transaction, I acted solely on behalf and for the benefit of Miller & Schroeder.

14. I never received any letter, memorandum, document or other communication from a participating bank in which the participating bank advised me or anyone else at Dorsey that it considered itself an intended beneficiary of Dorsey's representation of Miller & Schroeder.

15. No one at Miller & Schroeder ever instructed me to take any direction from any bank participant in connection with the Transaction.

16. Prior to the closing and funding of the loans, I did not send any letter, correspondence, memoranda, drafts of agreements or any other documents to any participating bank.

17. I did not sign any written agreement with any of the participating banks in which I agreed to provide legal advice or services to the participating banks. I am not aware of any Dorsey lawyer signing any such written agreement.

18. I did not sign any written retainer agreement or engagement letter with any of the participating banks. I am not aware of any Dorsey lawyer signing any written retainer agreement or engagement letter with any of the participating banks.


19. The participating banks did not expressly request, either orally or in writing, that Dorsey provide legal advice or services in connection with the Transaction.

20. I sent two bills for the Transaction to Ms. Fredericks at Miller & Schroeder for \$35,000 and \$15,000, respectively. Copies of the bills are attached as **Exhibit A**. I did not send a bill to any of the participating banks.

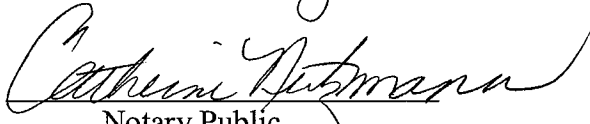
21. I did not participate in the preparation of, or have any knowledge of, any memorandum from Miller & Schroeder to the participating banks concerning the lack of NIGC approval prior to the closing and funding of the two loans.

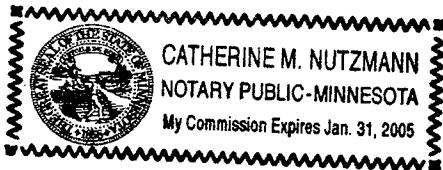
22. I did not have any part in drafting the participation agreement that Miller & Schroeder signed with each participating bank. It is my understanding that Miller & Schroeder drafted its own participation agreements. I did not review Miller & Schroeder's form participation agreement in connection with this Transaction.

FURTHER AFFIANT SAYETH NOT.


Paula S. Rindels

Subscribed and sworn to before me
this 28th day of May, 2004.


Notary Public



DORSEY & WHITNEY LLP

MINNEAPOLIS
WASHINGTON, D.C.

LONDON

BRUSSELS

HONG KONG

DES MOINES

ROCHESTER

COSTA MESA

PILLSBURY CENTER SOUTH
220 SOUTH SIXTH STREET
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PAULA S. RINDELS
(612) 343-7983
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rindels.paula@dorseylaw.com

NEW YORK

DENVER

SEATTLE

FARGO

BILLINGS

MISSOULA

GREAT FALLS

February 24, 1999

Ms. Patti Fredericks
Miller & Schroeder Investments Corporation
Pillsbury Center South, 3rd Floor
220 South Sixth Street
Minneapolis, MN 55402

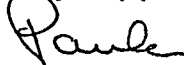
Re: \$8,690,000 Promissory Note (Senior Loan), and
\$3,492,000 Promissory Note (Senior Subordinated Loan)
of President R.C. — St. Regis Management Company

Dear Patti:

Enclosed is our statement for legal services rendered and disbursements made on your behalf with respect to the above-referenced loan transactions, as described on the enclosed statement. I hope you find the statement to be satisfactory; however, if you have any questions regarding it, please call me.

As always, thank you for this employment.

Very truly yours,



Paula S. Rindels

PSR/lmm
Enclosure

RINDELS AFF.,
EX. A

D00004

DORSEY & WHITNEY LLP

P.O. BOX 1680
MINNEAPOLIS, MINNESOTA 55480-1680
(612) 340-2600

(Tax Identification No. 41-0223337)

STATEMENT OF ACCOUNT FOR PROFESSIONAL SERVICES

Miller & Schroeder Investments Corporation
Pillsbury Center South, 3rd Floor
220 South Sixth Street
Minneapolis, MN 55402

February 24, 1999
Invoice No. 676017-A
Page 1

Attn: Patti Fredericks

Re: \$8,690,000 Promissory Note of President R.C. — St. Regis Management
Company (Senior Loan)

For legal services rendered with respect to the above loan transaction, including legal research; review of documents, including term sheet, proposal, project materials, due diligence checklist and related materials, New York State Banking law, New York State Racing and Wagering statutory and regulatory provisions and NIGC regulations, tribal documents, compact, management and other contracts, partnership documents, sale agreements, memorandum regarding doing business, UCC Search, Phase I environmental audit, survey, market study revisions and land issues, title materials and related documents; drafting and revision of loan documents, including Notice and Acknowledgment of Pledge, Promissory Note, Loan Agreement, Escrow Agreement, List of Closing Documents, and various closing certificates and opinion; conferences and correspondence with client and others; attendance at meetings, Pre-Closing and Closing; and review of transcript of proceedings; plus disbursements therefor, including computerized legal research, messenger, photocopy, overnight delivery, fax, long distance telephone and after hours secretarial support charges

35,000.00

MAJAR/PSRIN/lmm
1436/189243-141

Service charges are based on rates established by Dorsey & Whitney. A schedule of those rates has been provided and is available upon request. Disbursements and service charges, which either have not been received or processed, will appear on a later statement.

PAYMENT DUE UPON RECEIPT

D00005

DORSEY & WHITNEY LLP

P.O. BOX 1680
MINNEAPOLIS, MINNESOTA 55480-1680
(612) 340-2600

(Tax Identification No. 41-0223337)

STATEMENT OF ACCOUNT FOR PROFESSIONAL SERVICES

Miller & Schroeder Investments Corporation
Pillsbury Center South, 3rd Floor
220 South Sixth Street
Minneapolis, MN 55402

February 24, 1999
Invoice No. 676017-B
Page 2

Attn: Patti Fredericks

Re: \$3,492,000 Promissory Note of President R.C. — St. Regis Management
Company (Senior Subordinated Loan)

For legal services rendered with respect to the above loan transaction, including legal research; review of documents, including term sheet, proposal, project materials, due diligence checklist and related materials, tribal documents, compact, management and other contracts, UCC Search, Phase I environmental audit, survey, market study revisions and land issues, title materials and related documents; drafting and revision of loan documents, including Notice and Acknowledgment of Pledge, Promissory Note, Loan Agreement, Escrow Agreement, List of Closing Documents, Notice of Escrow Agent and various closing certificates and opinion; conferences and correspondence with client and others; attendance at meetings, Pre-Closing and Closing; and review of transcript of proceedings; plus disbursements therefor, including computerized legal research, messenger, photocopy, overnight delivery, fax, long distance telephone and after hours secretarial support charges

\$15,000.00

MAJAR/PSRIN/lmm
1436/189243-141

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PAYMENT DUE UPON RECEIPT

D00006

DORSEY & WHITNEY LLP

P.O. BOX 1680
MINNEAPOLIS, MINNESOTA 55480-1680
(612) 340-2600

(Tax Identification No. 41-0223337)

STATEMENT OF ACCOUNT FOR PROFESSIONAL SERVICES

Miller & Schroeder Investments Corporation
Pillsbury Center South, 3rd Floor
220 South Sixth Street
Minneapolis, MN 55402

February 24, 1999
Invoice No. 676017
Page 3

Attn: Patti Fredericks

TOTAL THIS STATEMENT

Invoice No. 676017-A Total	\$35,000.00
Invoice No. 676017-B Total	\$15,000.00
Combined Total This Statement	\$50,000.00

PLEASE RETURN THIS PAGE WITH YOUR REMITTANCE
TO P.O. BOX 1680
MINNEAPOLIS MN 55480-1680

THANK YOU

MAJAR/PSRIN/lmm
1436/189243-141

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PAYMENT DUE UPON RECEIPT

D00007